

Message Text

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15

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 170620Z FEB 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 7508

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

AMEMBASSY MANILA

AMEMBASSY OTTAWA

USMISSION OECD PARIS

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

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GENEVA PASS TSB

E.O. 11652: N/A

TAGS: ETRD, GATT, MTN, AS

SUBJECT: TEXTILES: AUSTRALIA LIFTS SELECTIVE CONTROLS, IMPOSES
GLOBAL QUOTAS ON KNITTED TOPS

1. SUMMARY. AUSTRALIA IS LIFTING ITS BILATERAL (I.E.
COUNTRY QUOTA) IMPORT RESTRICTIONS ON KNITTED TOPS
FROM CHINA, THE PHILIPPINES, SINGAPORE, THAILAND AND
TAIWAN. THESE AND OTHER ITEMS STILL SUBJECT
TO COUNTRY QUOTAS ARE BEING REFERRED TO TEXTILES
AUTHORITY FOR FURTHER INQUIRY AS TO NEEDS FOR FINAL
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PROTECTION AND REPORT WITHIN SIXTY DAYS. GOA

REQUESTS USG SUPPORT IN "COOLING" SEVERE CRITICISM
EXPECTED FROM SOME COUNTRIES. END SUMMARY.

2. FIRST ASSISTANT SECRETARY FOR INTERNATIONAL ORGANIZATIONS IN DEPARTMENT OF OVERSEAS TRADE, JACK FOGARTY, ON FEBRUARY 17 REQUESTED E/C COUNSELOR TO CALL TO DISCUSS NEW MEASURES TO BE ANNOUNCED 2:00 A.M. FEBRUARY 17 WASHINGTON DC TIME ON SOME APPAREL ITEMS HERETOFORE RESTRICTED ON SELECTIVE COUNTRY-BY-COUNTRY BASIS. HE SAID AUSTRALIAN TRADE MINISTER SMITH IN WASHINGTON INSTRUCTED TO MAKE PARALLEL DEMARCHE TO STR AND TO DELIVER TEXT OF JOINT STATEMENT BY DEPRIMIN ANTHONY AND MINISTER FOR INDUSTRY AND COMMERCE COTTON ON THIS SUBJECT.

3. AFTER REVIEWING HISTORY OF AUSTRALIAN EFFORTS TO CORRECT DISRUPTION HE SAID HAD OCCURRED IN TEXTILE INDUSTRY OVER PAST TWO YEARS FOGARTY SAID GOA HAD CONCLUDED THAT BILATERAL MEASURES TAKEN HAD NOT BEEN SUCCESSFUL. HE SAID EACH TIME NEW ARRANGEMENTS IMPLEMENTED, IMPORTS FROM OTHER COUNTRIES POURED IN. IN PAST SIX WEEKS, FOR EXAMPLE, KNITTED TOPS HAD BEEN ARRIVING FROM EASTERN EUROPE, SOME COUNTRIES OF LATIN AMERICA AND EVEN GUAM AT RATE MORE THAN TWICE THAT TEXTILES AUTHORITY HAD ONCE RECOMMENDED AUSTRALIAN INDUSTRY COULD STAND. IN ADDITION, FOGARTY SAID PHILIPPINES HAD "BECOME EMOTIONAL" ABOUT RESTRAINTS PLACED ON EXPORTS OF FILIPINO TEXTILES AND WERE NOW DISCRIMINATING INFORMALLY AGAINST AUSTRALIAN EXPORTS TO PHILIPPINES. GOA HAD THEREFORE CONCLUDED GLOBAL QUOTAS FOR KNITTED TOPS WERE ONLY ALTERNATIVE.

4. TARIFF QUOTAS ON KNITTED TOPS, WHICH INCLUDE KNITTED GARMENTS SUCH AS JUMPERS, CARDIGANS, T-SHIRTS AND BLOUSES, WILL GO INTO EFFECT IMMEDIATELY AND WILL APPLY UNTIL 31 AUGUST 1976. MEANWHILE, ALL ITEMS OF APPAREL PREVIOUSLY UNDER SELECTIVE COUNTRY-BY-COUNTRY RESTRAINT WILL BE REFERRED FOR STUDY TO TEXTILES AUTHORITY WITH REPORT DUE WITHIN SIXTY DAYS. TOTAL QUOTA WILL BE 12 MILLION UNITS FROM NOW TO 31 AUGUST, WHICH LIMITED OFFICIAL USE

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REPRESENTS ANNUAL RATE OF 20 MILLION PIECES, QUANTITY PREVIOUSLY RECOMMENDED BY TA AS FEASIBLE LEVEL OF IMPORTS. NORMAL RATE OF DUTY WILL BE 35 PERCENT AND VALOREM WITH ADDITIONAL DUTY APPLICABLE OUTSIDE QUOTA LEVEL OF A\$12 PER KILOGRAM.

5. FOGARTY SAID THAT ALTHOUGH ACTION DID NOT AFFECT U.S. EXPORTS (EXCEPT GUAM) AUSTRALIA WISHED TO INFORM

"FRIENDS LIKE US" IN HOPE THAT THEY MIGHT ASSIST GOA IN DEFENSE AGAINST ILL-INFORMED CRITICISM. HE SAID GOA EXPECTED SOME "HEAT" FROM LDCS, AND POSSIBLY EC AND JAPAN. HE REFERRED TO RECENT EMBASSY INQUIRIES WITH RESPECT TO AUSTRALIAN INTENTIONS REGARDING MFA, REPEATING THAT GOA HAD NO INTENTION OF WITHDRAWING. HOWEVER, SHOULD CRITICISM OF PRESENT ACTION REACH SUFFICIENT LEVELS, GOA COULD AGAIN REVIEW QUESTION OF ITS ADHERENCE TO ARRENGEMENT.

6. EMBASSY COMMENT: THIS GOA ACTION HAS OBVIOUSLY BEEN DIVISED TO DEFUSE THE PHILIPPINE-AUSTRALIA ISSUE, UNDER PRESSURE FROM AUSTRALIAN EXPORTERS UPSET BY THE INFORMAL PHILIPPINE IMPORT EMBARGO AGAINST AUSTRALIA. GIVEN THE LIMIT ON THE GLOBAL QUOTA, ANY RELIEF OBTAINED BY THE PHILIPPINES THEREUNDER WILL BE AT THE EXPENSE OF OTHER, PRIMARILY REGINAL, EXPORTERS. THE AUSTRALIAN FEARS OF CRITICISM APPEAR WELL FOUNDED. LEGALLY THE GOA CONTENDS THAT THIS LATEST MOVE CONSISTS SIMPLY OF RAISING THE MFN TARIFF RATE AND GRANTING A GLOBAL BY-LAW CONCESSION TO THE EXTENT OF 12 MILLION GARMENTS FROM THE NEW HIGHER RATE. SINCE THE ITEMS ARE UNBOUND, AUSTRALIA'S POSITION IS THAT IT IS FREE TO DO THIS UNDER THE GATT AND UNDER THE RESERVATION OF NORMAL RIGHTS AND OBLIGATIONS OF GATT IN THE TEXTILE AGREEMENT.

7. ACTION REQUESTED: WE UNDERSTAND DEPARTMENT AND STR ALSO BRIEFED BY AUSTRALIAN TRADE MINISTER SMITH ON THIS DEVELOPMENT. WE SHOULD NEVERTHELESS APPRECIATE WASHINGTON REACTION TO AUSTRALIAN MOVE AS WELL AS GUIDANCE AS TO WHAT, IF ANY, RESPONSE WE SHOULD MAKE TO FOGARTY'S REQUEST FOR U.S. SUPPORT IN AUSTRALIAN DEFENCE AGAINST UNJUSTIFIED CRITICISM.

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Message Attributes

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